

VZCZCXRO7606
OO RUEHBI RUEHCI RUEHDBU RUEHLH RUEHPW
DE RUEHNE #0944/01 0571257
ZNY CCCCC ZZH
O 261257Z FEB 07
FM AMEMBASSY NEW DELHI
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3412
INFO RUEHAH/AMEMBASSY ASHGABAT 0719
RUEHTA/AMEMBASSY ASTANA 0818
RUEHBJ/AMEMBASSY BEIJING 5454
RUEHEK/AMEMBASSY BISHKEK 0750
RUEHLM/AMEMBASSY COLOMBO 8956
RUEHKA/AMEMBASSY DHAKA 9044
RUEHDBU/AMEMBASSY DUSHANBE 0550
RUEHIL/AMEMBASSY ISLAMABAD 2234
RUEHBUL/AMEMBASSY KABUL 4084
RUEHKT/AMEMBASSY KATHMANDU 9664
RUEHLO/AMEMBASSY LONDON 2888
RUEHMO/AMEMBASSY MOSCOW 1481
RUEHNT/AMEMBASSY TASHKENT 0934
RUEHKO/AMEMBASSY TOKYO 4524
RUEHCG/AMCONSUL CHENNAI 9132
RUEHKP/AMCONSUL KARACHI 6927
RUEHCI/AMCONSUL KOLKATA 8821
RUEHLH/AMCONSUL LAHORE 3644
RUEHBI/AMCONSUL MUMBAI 8292
RUEHPW/AMCONSUL PESHAWAR 4223
RUEKJCS/SECDEF WASHDC
RUEAIIA/CIA WASHDC
RHEHNSC/NSC WASHDC
RUEIDN/DNI WASHINGTON DC
RHHMUNA/CDR USPACOM HONOLULU HI
RUCNDT/USMISSION USUN NEW YORK 3879
RHMFISS/HQ USCENTCOM MACDILL AFB FL
RUEHGV/USMISSION GENEVA 6249
RHHMUNA/HQ USPACOM HONOLULU HI
RHMFISS/HQ USSOCOM MACDILL AFB FL
RUEKJCS/JOINT STAFF WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 NEW DELHI 000944

SIPDIS

SIPDIS

DEPT ALSO FOR H; PLEASE PASS TO STAFFDEL FARKAS

E.O. 12958: DECL: 02/23/2012

TAGS: [PREL](#) [PGOV](#) [MARR](#) [ETRD](#) [IN](#)

SUBJECT: MOD ASSURES STAFFDEL FARKAS INDIA WILL CHOOSE
"ONLY THE BEST" DEFENSE PROCUREMENTS

Classified By: PolCouns Ted Osius for Reasons 1.4 (B, D)

11. (C) Summary. On February 23, MOD Acting Joint Secretary for Planning and International Cooperation Kiran Chadha, Chadha told Steffdel Farkas:

- India's procurement policy is guided by the Defense Procurement Policy of 2006;
- promised that in upcoming procurements India will be "choosing only the best" equipment;
- described U.S. defense companies operating in India as competitive;
- offered to meet with American officials and companies anytime to explain India's defense procurement procedures;
- stated the Defense Minister has said MOD should spend more on research and development; and
- encouraged more military-to-military exercises with the U.S.

End Summary.

DPP '06: "The Bible for All Procurements"

12. (C) In a February 23 meeting between Ministry of Defense Acting Joint Secretary for Planning and

International Cooperation, Dr. Kiran Chadha, and Congressional Staff Delegation consisting of Dr. Evelyn Farkas (Senate Armed Services Committee) and Aileen Alexander (House Committee on Armed Services), Dr. Chadha described India's defense procurement policy as being predicated on the Defense Procurement Policy (DPP) of 2006, calling it "the Bible for all procurements." DPP '06 provides a transparent, level playing field for all bidders, she said, and provides an offset policy with a goal, in the long term, of providing India with a completely indigenous production capability. India is being wooed by the world's arms suppliers, she said, who are seeking a share of the "very attractive and lucrative \$100 billion market" India intends to offer over the next decade. In determining which products to procure, Chadha claimed India will be "choosing only the best," giving equal importance to major suppliers like the U.S., Russia and Israel. As an example of the ministry's fairness, Chadha said it made a conscious decision not to visit any country's planes at the recent Aero India air show, so as not to show any favoritism.

13. (C) In implementing DPP '06, Chadha promised her ministry would be open to all, noting that at Aero India she had arranged for Defense Minister Antony to meet with both U.S. officials, in this case Ambassador Mulford, and American business, when he met with the U.S.-India Business Council. "There is no end," she promised, "I will meet with as many people and cooperate with as many people as possible." She was especially grateful for recent briefings by Boeing and Lockheed Martin on the capabilities of F-18 and F-16,

NEW DELHI 00000944 002 OF 002

respectively.

American Companies Competitive

14. (C) In response to a question from Staff Member Farkas, Chadha described U.S. companies as being competitive in the Indian market already, adding "They are big supporters of our goal of technology gains." She praised American companies for setting up offices in India, despite having no contracts yet in many instances, and said she believes the companies are here for the long term, not just for procurement but also for joint projects, co-production, and joint research and development (R&D). She emphasized that R&D is a priority for India, and that DefMin Antony had said India must spend more on R&D in collaboration with the U.S., Europe, and Russia.

More Mil-Mil Exercises, Please

15. (C) Responding to Staff Member Alexander's inquiry, Chadha said India is eager to participate in more military-to-military exercises with the United States. India has the desire and capability to operate in its immediate region, but the U.S., she said, had the capability and budget to go anywhere in the world. India hopes to extend its reach and would like to learn from America's experiences. In return, she suggested, the U.S. could learn from India how to operate with minimal resources. She pointed to maritime security and disaster relief as two specific areas which India would be most interested in collaborating with the U.S.

16. (C) In a telling conclusion, Chadha noted that India is "happy" with its reputation for having a bureaucracy fraught with red tape, suggesting its cumbersome decision making process had its benefits. "We know we take long," she said, "but once we take a decision, we're happy with it." COMMENT: Numerous reviews to minimize corruption also add to the Indian decision-making timeline. END COMMENT.
MULFORD